

Exhibit A

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Background on Video, Investment Contract and Investment Merit[Hide Details](#)

FROM: [Ralph "Stephen" Coppola, Esq.](#)
 TO: [Darren Proulx](#)

Friday, May 7, 2010 8:16 AM

Hi Darren:

Your review of these concepts would be helpful before our meeting.

At some point in the past, Lori and I had worked with Gil Hatfield to have every item on the website "approved" by the DRE, including the Landbanking presentation video.

I mistakenly assumed that no changes had been made when Gayle asked me for our website address since I hadn't been asked to review the changes to the website.

The California Department of Corporations, defines "investment contracts" in a generalized manner in its, "INFORMED INVESTING, A Reference Guide for California Investors:"

"as a type of security, which is a catchall, designed to embrace all arrangements under which a person invests money in a common enterprise with the expectation of deriving a return primarily through the efforts of others. The investment contract definition is very broad."

Most of the time, when one thinks of the enterprise, one thinks of promoters efforts being post sales. For example, the development of a piece of property by a promoter. I have been happily moving forward with the securities project because I know for a fact that LRI and LRM do nothing to derive a profit for the LandBank owners after the sale.

However, there is less often litigated prong, and that is the efforts of the promoter before the sale are what create the value. This is how I would see the DOC Securities build their case.

- 1) First, on the webpage that has the link to Dr. Stevenson's video there are the statements:
 - a) "Find out how you can use it to buy premium land."
 - b) Dr. Stevenson recognizes and clarifies the true meaning of making money through real estate.
- 2) Review of some of Dr. Stevenson's Video:
 - a) First Dr. Stevenson states that she is a teacher.
 - b) Then there is this slide which introduces the concept that we are teaching the potential buyer how to Strategic LandBank (and at this juncture there is nothing wrong with that).
 - c) The next slide confirms that LRI is going to give the potential customer all of the information that they need to become a successful LandBanker.
 - d) Verifiable path of growth
 - e) Something to the effect that our projects meet all of the fundamentals of landbanking.
 - f) If you didn't buy with LRI

- g) Ownership interest in a racehorse
- h) Leverage
- i) "prime parcels"
- j) "Distribution of Profits" implies investment merit and profits.

I don't have time before our meeting to keep going, but essentially, the video is enough to create in the minds of the potential buyer the expectation that LRI has done all the legwork to ensure that the buyer will be having a return derived primarily through the efforts of LRI because LRI has chosen land in the path of growth in the best place on the West Coast. That leaves only the issue of common enterprise. If a common enterprise is found, then there is a security. Setting aside the securities issue, there is the DRE issue.

There is also the issue that the "what a builder would pay and what a developer would pay" slides go directly to investment merit (I admit I don't know that you haven't obtained DRE approval, however), and the representation about what a developer would pay is misleading at best. There is a difference between sales hyperbole versus a fact that the securities commission can show we knew to be false as of today.

Reply to Ralph "Stephen" Coppola, Esq.

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